

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Require
California Natural Gas and Electric Utilities to
Preserve Interstate Pipeline Capacity to
California.

Rulemaking 02-06-041
(Filed June 27, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING
SCHEDULING A PREHEARING CONFERENCE
IN SAN FRANCISCO, AND ORDERING
PARTIES TO MEET AND CONFER**

Summary

This ruling schedules a prehearing conference (PHC) for Tuesday, September 10, 2002, at 10:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. At that time, parties will be expected to address the need for hearing, the issues to be considered, and the timetable for resolving the hearings. Parties are ordered to meet and confer before the PHC to discuss the above issues, and, if hearings are determined to be necessary, to present a proposed hearing schedule. Parties may file separate or joint PHC Statements.

Background

On June 27, 2002, the California Public Utilities Commission (Commission) issued an Order Instituting Rulemaking (OIR), Rulemaking (R.) 02-06-041, to propose rules requiring California's natural gas and electric utilities to acquire capacity on the El Paso Natural Gas Company (El Paso) interstate pipeline. The

OIR was in response to the May 31, 2002, Federal Energy Regulatory Commission (FERC) order indicating marketers currently serving California may turn back up to 725 million cubic feet per day of firm capacity on El Paso's interstate pipeline to El Paso's East of California customers. As a result of this FERC order, unless California replacement shippers or California utilities acquire the turned back capacity, it could be permanently lost to California.

The first rule proposed requiring the natural gas and large electric utilities to each sign up for a proportional amount of the turned back capacity not subscribed to by replacement shippers serving California, and the second rule proposed finding just and reasonable and pre-approving the California utilities' subscription to the turned back capacity. The utilities were directed, and other interested parties were invited, to file comments to the proposed rules.

After reviewing the comments and reply comments, on July 17, 2002, the Commission issued Decision (D.) 02-07-037 establishing the rules as proposed, with an addition that the utilities existing capacity rights on interstate pipelines is found to be just and reasonable. The decision also identified the following issues for exploration in Phase II of this proceeding: cost allocation, capacity releases, and details concerning the guaranteed recovery in rates of the utilities costs for subscription to interstate pipeline capacity.

Meet and Confer

The California natural gas utilities, Southern California Gas Company, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southwest Gas Company, as well as California's largest electric utilities, Southern California Edison Company, PG&E, and SDG&E are directed

to coordinate a meet and confer conference¹ in advance of the September 10, 2002, PHC and file and serve either a separate or joint PHC statement by 5:00 p.m. on September 6, 2002. Any party that filed comments or reply comments is to be included in the meet and confer. This meet and confer is for the purpose of identifying topics and issues for inclusion in the proceeding, discussing whether hearings will be necessary, and if so, the time required for cross examination, and a proposed procedural schedule that includes dates for the service of testimony and hearings.

Purpose of the PHC

One of the purposes of the PHC is to establish a service list. Any party attending the PHC, who did not have an opportunity to participate in the meet and confer, will have an opportunity at the PHC to discuss the following topics, and any party filing a PHC statement should address these topics:

- The need for and duration of a hearing.
- Issues to be considered in Phase II of the proceeding in addition to the ones identified in D. 02-07-037. Rulings or decisions by the FERC, as well as changes in the natural gas market, may give rise to additional topics, or remove others from consideration.
- The timetable for resolving the proceeding and a proposed procedural schedule – including hearings, if necessary.
- Status of or need for discovery. If discovery is necessary, parties should initiate it as soon as possible.
- Whether the parties plan to file motions in these proceedings.

¹ This meet and confer may be held telephonically, by e-mail correspondence, or by any method that is acceptable to the participants.

Electronic Service

Rule 2.3(b) of the Commissions Rules of Practice and Procedure provides that the Administrative Law Judge (ALJ) may direct that service be made by electronic means. By this ruling, I direct that all appearances that can provide the Commission with an electronic mail address to serve documents, are to serve and accept service by electronic mail. Any appearance that has not provided an electronic mail address shall provide a fax number and/or a phone number, if available, so appearances without electronic mail can receive information in an expedited manner. Any appearance without electronic mail shall serve and take service by paper mail as described in Rule 2.3(a)². This ruling does not change the rules regarding the tendering of documents for filing, which must be done in paper form, as described in Rule 2, et seq.

The current service lists for active proceedings are available on the Commission's web page, www.cpuc.ca.gov. Choose "Service Lists," and scroll to the proceeding number, R. 02-06-041. Parties are reminded to contact the Commission's Process Office to update address information when necessary so that the current service list is as up-to-date and accurate as possible. Parties are to serve Commissioner Lynch at lyn@cpuc.ca.gov, ALJ Brown at cab@cpuc.ca.gov, Harvey Morris at hym@cpuc.ca.gov, and Brian Prusnek at bcp@cpuc.ca.gov.

² Commission Rules of Practice and Procedure, which are codified at Chapter 1, Division 1 of Title 20 of the California Code of Regulations.

Therefore, **IT IS RULED** that:

1. Parties shall meet and confer informally to discuss topics and a hearing schedule and file prehearing conference (PHC) statements by close of business on September 6, 2002.
2. A PHC will be held at 10:00 a.m. on September 10, 2002, in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.
3. Electronic mail service protocols are established as set forth above.

Dated August 19, 2002, at San Francisco, California.

/s/ CAROL BROWN

Carol Brown, Interim Chief
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Scheduling a Prehearing Conference in San Francisco, and Ordering Parties to Meet and Confer on all parties of record in this proceeding or their attorneys of record.

Dated August 19, 2002, at San Francisco, California.

/s/ JEANNIE CHANG
Jeannie Chang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.